



January 10, 2012



Kansas City, MO 64112

RE: Legal Notice Regarding "Missourians for Responsible Lending" Petition

Dear Mr.

My firm represents Missourians for Equal Credit Opportunity, a group that opposes the petition being circulated by an organization calling itself "Missourians for Responsible Lending."

Sponsors claim the petition would apply to a short list of lenders, including "payday lenders," but in fact it would eliminate small, short-term loans in Missouri and drive borrowers to more expensive and credit-damaging alternatives such as bounced check and late bill payment penalty fees. Missourians for Equal Credit Opportunity vigorously opposes this proposed measure. The proponents make many misleading claims about the state of current law and the effects of the measure. Proponents are suggesting that their rate cap is a matter of "faith" and are targeting certain non-profit groups, charities, and churches to carry their message.

It has come to our attention that you, your church, or members of your church may be gathering signatures or otherwise promising to take directions from the proponents' political operatives, who tell churchgoers that their political plan is a "Covenant for Faith and Families."

Please be advised that strict statutes carrying criminal penalties apply to the collection of signatures for an initiative petition. Specifically, MO. REV. STAT. § 116.080(5) provides: *"Any circulator who falsely swears to a circulator's affidavit knowing it to be false is guilty of a class A misdemeanor punishable ... for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars [\$10,000] or both."*

Also, MO. REV. STAT. § 116.090 provides as follows: *"Any person who signs any name other than his own to any petition, or who knowingly signs his or her name more than once for the same measure for the same election, or who knows he or she is not at the time of signing or circulating the same a Missouri registered voter and a resident of this state, shall, upon conviction thereof, be guilty of a class A misdemeanor punishable ... for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars [\$10,000] or both ... Any person who knowingly accepts or offers money or anything of value to another person in exchange for a signature on a petition is guilty of a class A misdemeanor punishable ... for a term of imprisonment not to exceed one year in the county jail or a fine not to exceed ten thousand dollars [\$10,000] or both."*

In addition, church-based political activity may give rise to campaign finance reporting obligations. The Missouri Ethics Commission has opined that churches and nonprofit religious organizations participating in political activity related to ballot measures may be required to file campaign finance reports. Mo. Ethics Commission Opinion No. 2006.09.104.

Further, a church or religious organization that engages in activities that attempt to influence legislation (i.e., lobbying) may lose their tax-exempt status. If a substantial part of a tax-exempt organization's activities is attempting to influence legislation (more commonly known as lobbying), the organization will no longer qualify for tax-exempt status. Thus, lobbying activity by a church or religious organization can have the unwanted effect of costing the organization its tax-exempt status. This would result in all donations to the church or religious organization being subject to federal income tax and would prevent members from deducting their donations as charitable contributions on their personal income tax returns.

For purposes of the federal tax law restriction on lobbying by a section 501(c)(3) organization, an organization will be regarded as attempting to influence legislation if it contacts, or urges the public to contact, members or employees of a legislative body for the purpose of proposing, supporting, or opposing legislation, or if the organization advocates the adoption or rejection of legislation. Thus, for federal tax law purposes, "influencing legislation" includes supporting or encouraging action with respect to the petition being circulated by Missourians for Responsible Lending. 26 CFR § 56.4911-2(d)(1)(ii).

As outlined above, participation in a ballot initiative petition signature gathering is subject to serious and detailed legal restrictions. Violation of these restrictions can give rise to criminal penalties. In addition, church-based political activity may create state campaign finance reporting obligations. Finally, such activities may cause your church or religious organization to lose its tax-exempt status and deprive church or organization members of the benefit of a tax deduction for their tithes or contributions.

Please consult your own legal advisor for more information about these important requirements. Missourians for Equal Credit Opportunity will monitor closely for compliance with these requirements and will promptly report any violations to the appropriate regulatory or law enforcement authority.

Very truly yours,



Anthony & Middlebrook, P.C.

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Paid for by Missourians for Equal Credit Opportunity, James Thomas, Treasurer.